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1 DEC 1967MINUTES OF MEETINGS

OF

EXECUTIVE COMMITTEES

OF

AIR AMERICA, INC. AND AIR ASIA COMPANY LIMITED

November 14, 1967

Meetings of the Executive Committees of Air America, Inc. and Air Asia Company Limited were held on November 14, 1967 and the following matters were considered:

1 - Approval of Minutes: The minutes of the meetings of Air America, Inc. and Air Asia Company Limited Executive Committees of October 24, 1967, were approved.

2 - Reports:

(a) Financial - September, 1967: Financial results for September, 1967 show transport and other operating revenue of \$4,666,000 and customer maintenance revenue of \$680,000. Total gross revenue for September was \$5,346,000 somewhat less than the past six months average of \$5,659,000. For the first six months of the Companies' year total revenues were \$33,957,000 which is 16% above the revenues of \$29,154,000 for the same period during the previous year. Air Asia Company Limited showed a net loss for September of \$63,000. For the first six months of the fiscal year net income before income taxes was

APPROVED FOR RELEASE

DATE: 13-Oct-2009

\$775,000 down 31% from the \$1,127,000 for the same period during the previous year. Air America's results were approximately the same.

(b) Operating Statistics - September, 1967: Flying activity for September totalled 22,803 hours or 760 hours per day as compared with a total of 24,268 hours or 783 hours per day reported for August. Total revenue load factor for scheduled operations was 37% for September as compared with 43% for September, 1966. Revenue from scheduled international service totalled \$421,000 during September, 1967 down 14% from the \$489,000 for September, 1966. Revenue from scheduled international service will be down an even greater amount during October with the discontinuance of the Seoul and Manila service. Customer aircraft maintenance was up 11% with 230,000 skilled man-hours reported for September, 1967 as compared with 215,000 for August, 1967. The total skilled man-hours expended in September at the main maintenance base was 575,000 up slightly from the 573,000 expended in August. Skilled labor overtime was 22% of regular hours worked in September, 1967 as compared with 17% for August, 1967.

3 - SEA Contract Flying: It was reported that the average utilization for the Bell 205 helicopters was 4 hours per day during October, 1967 and 5.5 hours per day during the first nine days of November. Preliminary reports for October show UH-34 helicopter operations down

slightly from September but not enough to conclude that the Bell 205 operation is resulting in any significant reduction of UH-34 utilization.

The Executive Committee then discussed and reviewed the status of the contracting for United States Government Fiscal Year 1968 flying contracts. It was reported that although the actual contract has not been finalized and signed, agreement has been reached on the terms and pricing for Contract AID-430-2178. Historic Bell 204B Company costs were used in pricing the Bell 204B services for FY1968 under Contract AID-430-2178. Concern has been expressed by Company Field personnel that such historic costs could result in an underpricing as those costs were experienced during a period when the equipment was new and relatively trouble free. The customers have been awaiting completion of the Defense Contract Audit Agency audit before commencing negotiations on other contracts. The audit has now been completed and negotiations should get underway soon. The Executive Committee urged that the contracting be completed before December 31, 1967.

4 - Major Damage to Aircraft: Since the last Executive Committee meeting on October 24, 1967, the following reports of major aircraft damage were received:

<u>Date</u>	<u>Aircraft</u>	<u>Cause</u>	<u>Damage</u>	<u>Injured</u>	<u>Aircraft again available to customer</u>
Oct. 27	Helio B865	Lost oil pressure-forced landing	Extensive-air-craft dropped while being airlifted out by helicopter	None	Not determined
Oct. 30	205 Helicopter XWPFG	Groundfire	Hole through spar of main rotor blade	None	Not reported
Oct. 31	Helio XWPCS	Ran off runway during landing in rain	Left wing tip, aileron, stabilizer	None	Nov. 11
Nov. 1	204B Helicopter N1196W	Groundfire	Minor damage to electrical system	One passenger seriously injured by groundfire	Not reported
Nov. 4	204B Helicopter N1306X	Indicated engine failure-forced landing	Minor	None	Not reported
Nov. 9	Caribou B851	Hard landing	Stressed skin, spar, rib, flaps, MLG	None	Est. Nov. 28
Nov. 10	C-47 4348084	Jet blast from TIA DC-8 while parked on ramp	Tore off gust locks, severed elevators, bent vertical stabilizer	None	Est. Nov. 30
Nov. 10	205 Helicopter XWPFI	Loss of engine oil pressure due to open oil cooler drain valve-forced landing	Damaged engine	None	Est. Nov. 17

5 - Request for Capital Appropriation: The Executive Committee considered and approved the following appropriation request:

PLNG-AR-270 S1, Repair Accident Damage to Porter Aircraft N153L (\$7,000 additional to previous appropriation of \$56,760)	\$63,760
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It was also reported to the Executive Committee that expenditures for facility improvements at Savannakhet and Vientiane had been approved and the Company would be reimbursed by its customers for such expenditures upon completion of the work under the Form F procedures. These expenditures include appropriation requests BMVTE-67-AR-71 for the purchase and installation of two 50 KW Caterpillar generators with power distribution system at Savannakhet hostel at a cost of \$19,400; BMVTE-67-AR-72 for the purchase and installation of one 50 KW Caterpillar generator with power distribution system, 4,000 feet of four inch concrete ramp, and shelters for oxygen bottles and POL at Savannakhet Airfield at a cost of \$11,410; and BMVTE-67-AR-82 for electrical power generating and distribution installation at Vientiane's Wattay Airport, at a cost of \$116,720.

6 - Banking Facilities: The Executive Committee approved the following banking actions:

(a) Change of Signatories:

- (1) AAM Bangkok Working Fund Account -
Baht 1,400,000 (US\$67,961.17 at 20.60)
at the Bank of America

(2) AACL Taipei Automotive Maintenance Fund Account No. 3866 (NT\$40,000 - US\$1,000 at 40) at The First Commercial Bank of Taiwan

(b) Change of Signatories and Account Name and Number:

CATCL Saigon Piaster Sales Account No. 11933 Bis (for deposit of VN\$) at the Bank of China

(c) Account Opened:

CATCL Saigon Dollar Sales Order Account No. 1 (for deposit of VN\$) at the Bank of China

(d) Accounts Closed:

- (1) CATCL Saigon US Dollar & Other Foreign Currency Depository Account at the Bank of Communications
- (2) AAM Saigon Air America Third Country National Payroll Account at the Bank of America
- (3) CATCL Saigon Depository Account at the Bank of Communications

(e) Decrease Unbanked Fund and Change Sub-Fund Custodian:

Kowloon Check Cashing Fund - US\$5,000

7 - Insurance: The Company has obtained premium quotes for hull insurance, including war risk, covering the Southeast Asia aircraft fleet. The replacement value of the SEA fleet, which does not include the jets, DC-6 and DC-4 aircraft, aircraft or the two Bell 204B helicopters already insured, was estimated at \$15,300,000. A premium of

\$500,000 annually was quoted for coverage with a \$550,000 annual fleet deductible and a \$150 deductible for each occurrence. A quote of \$90,000 annually was also obtained for coverage of ground risks only for the aircraft fleet at Saigon having an estimated replacement value of \$5,140,000. Deductibles for the ground risk policy would be \$150 per occurrence. Aircraft hull damage for the Companies' year ended March 31, 1967 totalled \$546,000 which does not include damage for which the Company was indemnified under its contracts.

8 - Personnel: All Filipino mechanics at Saigon failed to report for work on November 12, following the presentation to the Company five days earlier of a petition demanding double base pay, automatic one step pay increase every six months, thirty days annual home leave in addition to annual vacation, forty hour week with time and one half for overtime, ten percent night pay differential, additional two weeks sick leave with transportation to Philippines for non-line-of-duty illness, and the transfer from Saigon of the top three technical service supervisors. There was evidence that many of the Filipino employees were coerced into signing the petition by threats of bodily harm. There was also reported harassment and threats to dissuade non-Filipino employees from reporting to work, with the result that operations were disrupted. November 13, Da Nang Filipino employees walked off the job in sympathy. Tainan is reportedly sending to Saigon fifteen American technicians. All mechanics returned to duty November 14, following discussions on

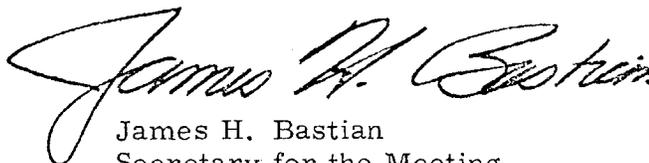
November 13. Although the mechanics are now on the job there will undoubtedly be further problems.

Other personnel problems include a threat of a law suit for \$30,265 damages by a terminated Thai employee, and the minor injury of five mechanics at Tainan from a small flash fire in the rear belly compartment of a C-46 aircraft which resulted from failure to cut off electrical power during painting. The individuals involved in the latter incident had that morning attended a safety program reviewing the rules and regulations on fire prevention instituted as a result of the B727 aircraft fire. Disciplinary action is planned.

It was then reported that each year the FAA honors a number of licensed airframe and engine mechanics, from among nominees of the industry, with awards of mechanics of the year. The Executive Committee concurred that the Company should nominate its deserving mechanics for such awards.

There being no further business to come before the meeting, on motion duly made and seconded, it was adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "James H. Bastian". The signature is written in black ink and is positioned above the typed name and title.

James H. Bastian
Secretary for the Meeting